

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2004-141-E - ORDER NO. 2006-408  
JULY 26, 2006

IN RE: Application of Duke Energy Corporation for     ) ORDER  
Authorization under Article 13 Chapter 27 of     ) APPROVING  
Title 58 of the Code of Laws of South Carolina     ) APPLICATION  
(1976, as Amended) to Enter into and Borrow     )  
under Long-Term Revolving Credit Facility     )

This matter comes before the Public Service Commission of South Carolina (“Commission”) from Duke Power Company LLC d/b/a Duke Energy Carolinas, LLC (“Duke Energy Carolinas”) for approval of an Application For Order Authorizing Amendment of Revolving Credit Facility To Extend Maturity Date (“Application”). Duke Energy Carolinas’ Application was filed on June 20, 2006, with reference to this Commission’s earlier Order No. 2004-277, issued in the Docket denominated hereinabove and dated June 7, 2004, and Order No. 2005-349, issued June 28, 2005.

This Commission is informed that pursuant to Order No. 2004-277, Duke Energy Carolinas entered into a three-year revolving credit facility dated June 30, 2004, with a group of large commercial banks, under which it could borrow from time to time up to a maximum amount of \$500,000,000 (the “Facility”). The Commission is further informed that, pursuant to Order No: 2005-349, the Commission approved Duke Energy Carolinas entry into an amendment and restatement of the Facility, primarily to extend the maturity date of the Facility by three years, to June 30, 2010.

Duke Energy Carolinas' Application explained that Duke Energy Carolinas utilizes the Facility to provide liquidity support for its commercial paper program. Citicorp North America, Inc. serves as administrative agent for the Facility, which was further described in the Application and the exhibits thereto. Duke Energy Carolinas' Application argues that due to improved market conditions, Duke Energy Carolinas has determined that it is advisable to approach the lenders under the Facility seeking to amend and restate the Facility to extend the maturity date by an additional one-year period, resulting in a maturity date of June 30, 2011.

Duke Energy Carolinas states that except with respect to the maturity date, the terms and conditions of the amended and restated Facility will be identical to those in the existing Facility in all material respects.

Duke Energy Carolinas' Application makes reference to the Summary of Terms and Conditions (the "Term Sheet"), which was attached as Exhibit A to Duke Energy Carolinas' Application. A review of the Term Sheet provides further details on the terms and conditions of the amended and restated Facility.<sup>1</sup>

Duke Energy Carolinas' Application contains information showing that Duke Energy Carolinas will pay certain fees, including attorneys' fees, related to the amendment and restatement of the Facility and a Facility Fee as described in the Term Sheet. It additionally describes the fee as the result of arm's length negotiations with the lenders under the amended and restated Facility, comparable to fees payable in similar

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<sup>1</sup> Duke Energy Carolinas' Application explains that the description of the amended and restated Facility in its Application is qualified by its reference to the more complete description in the Term Sheet.

transactions in the marketplace, and lower than the Facility Fee currently paid on the Facility.

Duke Energy Carolinas' Application states that Duke Energy Carolinas will also pay certain administrative fees based upon arm's length negotiations with the administrative agent and joint arrangers under the amended and restated Facility, consisting of a one-time arrangement fee of not more than \$150,000, and an annual administrative fee of not more than \$30,000.

Duke Energy Carolinas' Application adds that, in addition to extending the maturity date, the amendment and restatement of the Facility will result in lower borrowing costs to Duke Energy Carolinas. Duke Energy Carolinas' Application argues that proceeds from sales of commercial paper backed by the amended and restated Facility, and from borrowings under the Facility, will continue to be used as stated in the Commission's original order in this Docket.

Duke Energy Carolinas' Application states that Duke Energy Carolinas intended to finalize the amended and restated Facility by June 30, 2006. Therefore, Duke Energy Carolinas requested an order in this Docket authorizing its entry into the amended and restated Facility. Duke Energy Carolinas further requested the Order specify that previous Commission orders in this Docket will remain in full force and effect, excepting the amended and restated Facility as described herein.

Duke Energy Carolinas' Application concludes that the purposes of the amended and restated Facility, and its compatibility with the public interest, are all the same as stated in the Application with respect to the existing Facility.

The South Carolina Office of Regulatory Staff (“ORS”) notified this Commission and Duke Energy Carolinas’ local counsel on June 22, 2006, that it had reviewed Duke Energy Carolinas’ Application and that, “[ORS] has no opposition to this application.” ORS further stated that, “There is no change in the facility other than the extension of the maturity date by one year, a continuation of historical practice.”

### **FINDINGS OF FACTS**

1. Order No. 2004-277 was issued in the Docket denominated hereinabove and dated June 7, 2004.
2. Order No. 2005-349, was also issued in such Docket and dated June 28, 2005.
3. Under Order No. 2004-277, Duke Energy Carolinas entered into a three-year revolving credit facility dated June 30, 2004, with a group of large commercial banks, under which it could borrow from time to time up to a maximum amount of \$500,000,000.
4. Under Order No. 2005-349, the maturity date of the Facility was extended by three years to June 30, 2010.
5. Duke Energy Carolinas utilizes the Facility to provide liquidity support for its commercial paper program. Citicorp North America, Inc. serves as administrative agent for the Facility, which was further described in the Application and the exhibits thereto.
6. Due to improved market conditions, Duke Energy Carolinas has determined that it is advisable to approach the lenders under the Facility seeking to

amend and restate the Facility, extending the maturity date by an additional one-year period, which results in a maturity date of June 30, 2011.

7. Except with respect to the maturity date, the terms and conditions of the amended and restated Facility will be identical to those in the existing Facility in all material respects.

8. Duke Energy Carolinas will pay certain fees, including attorneys' fees related to the amendment and restatement of the Facility and a Facility Fee as described in the Term Sheet. Also, that such fee is the result of arm's length negotiations with the lenders under the amended and restated Facility, is comparable to fees payable in similar transactions in the marketplace, and is lower than the Facility Fee currently paid on the Facility.

9. Duke Energy Carolinas will also pay certain administrative fees based upon arm's length negotiations with the administrative agent and joint arrangers under the amended and restated Facility, consisting of a one-time arrangement fee of not more than \$150,000, and an annual administrative fee of not more than \$30,000.

10. Although Duke Energy Carolinas' Application will extend the maturity date, the amendment and restatement of the Facility will result in lower borrowing costs to Duke Energy Carolinas. Duke Energy Carolinas' Application argues that proceeds from sales of commercial paper backed by the amended and restated Facility, and from borrowings under the Facility, will continue to be used as stated in the Commission's original order in this Docket.

11. The Commission's previous orders in this Docket will stay in full force and effect, except to the extent that the Order requested herein provides for an amended and restated Facility as described in the Application.

12. The purposes of the amended and restated Facility, and its compatibility with the public interest, are all the same as stated in the Application with respect to the existing Facility.

13. ORS notified this Commission and Duke Energy Carolinas' local counsel on June 22, 2006, that it had reviewed Duke Energy Carolinas' Application and that, "[ORS] has no opposition to this application." ORS further stated that, "There is no change in the facility other than the extension of the maturity date by one year, a continuation of historical practice."

14. The Facility is an existing credit facility. Other than the extension of the maturity date by one year, there is no material change in the Facility.

#### **CONCLUSIONS OF LAW**

1. The Commission concludes that the relief sought by Duke Energy Carolinas is consistent with its previous Orders issued in this Docket.

2. The Commission concludes that the grounds stated in Duke Energy Carolinas' Application are sufficient to support the relief sought by Duke Energy Carolinas.

3. The Commission concludes that the fees described in the Application are reasonable.

4. The Commission concludes that the Commission's previous orders in this Docket should stay in full force and effect, except to the extent that the Order requested herein provides for an amended and restated Facility as described in the Application.

5. The Commission concludes that the relief sought by Duke Energy Carolinas is in the public interest.

6. The Commission concludes that the conditions of the Application are deemed reasonable.

7. The Commission concludes that the ORS did not oppose the relief sought in Duke Energy Carolinas' Application.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. The Commission concludes that the Commission's previous Orders in this Docket will stay in full force and effect, except to the extent that the Order requested herein provides for an amended and restated Facility as described in the Application.

2. The maturity date of the Facility is hereby extended until June 30, 2011.

3. Duke Energy Carolinas' entry into the amended and restated Facility, the incurrence and repayment of indebtedness pursuant to the terms thereof, and the issuance of notes evidencing such indebtedness, all in the manner set forth in the Application, is hereby authorized and approved by this Commission.

4. This Order shall become effective upon the signature of the Chairman and shall remain in full force and effect until further Order of the Commission.

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5. All references to the Facility in the previous Orders shall be deemed to refer to the amended and restated Facility described in this Order.

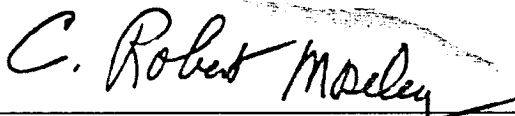
BY ORDER OF THE COMMISSION:



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G. O'Neal Hamilton, Chairman

ATTEST:



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C. Robert Moseley, Vice Chairman

(SEAL)